



OXFORD ANALYTICA

SRI LANKA

MONETARY TRANSPARENCY

Country Report 2005

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SRI LANKA



COMPLIANCE RATINGS

<i>Monetary transparency</i>	2005	2004	2003	2002
Clarity of roles	••••	••••	••••	••••
Open decision process	•••	•••	•••	••
Availability of information	••••	••••	••••	•••
Accountability	•••	•••	••	••
Score	3.50	3.50	3.25	2.75

OUTLOOK & COMMENTARY

The central bank's monetary policy framework currently operates under monetary targeting, assuming an implicit inflation target. The Central Bank of Sri Lanka (CBSL) has a working group testing a move to explicit inflation targeting, and expects this to be implemented by 2007. The growing fiscal deficit and the lack of a reliable price index on which to base inflation forecasting limit progress. Further financial sector reforms are also required for inflation targeting to be feasible.

A new Payment and Settlement Act was passed in September 2005, formalising the scripless transactions and payments system. There have also been improvements this year in open market operations, while a cheque imaging and truncation system will be completed by the end of 2005 -- increasing efficiency, reducing risks and delays, and decreasing the chances of fraud.

The uncertainty in the political situation, recent presidential elections and the internal peace process all pose a risk to the implementation of pending reforms. Comprehensive amendments to the Monetary Law Act (MLA) or a replacement of the current MLA with a new Banking Act are still under consideration. Progress towards meeting the terms for the IMF Special Data Dissemination Standard continues; full compliance is expected in the near term.

EXECUTIVE SUMMARY

3.50 Enacted

The Monetary Law (Amendment) Act of 2002 provides for a central bank with broader supervisory powers and greater independence, and focuses on two core objectives -- economic and price stability, and financial system stability -- rather than multiple objectives as used to be the case. These changes were intended as a temporary measure until an entirely new monetary law could be drafted and approved, something which critics believe is necessary in order to make the Central Bank of Sri Lanka (CBSL) completely autonomous and accountable. However, more comprehensive amendments to the MLA or a replacement of the current MLA with a new Banking Act are still under consideration.

The CBSL's monetary policy framework currently operates under monetary targeting, assuming an implicit inflation target. It is planning to move to formal inflation targeting in the medium term. Holding back progress is the growing fiscal deficit and the lack of a reliable price index on which to base inflation forecasting. Further financial sector reforms are also required. However, the CBSL has a working group testing a move to explicit inflation targeting, and expects this to be implemented by 2007.

Sri Lanka participates in the IMF's General Data Dissemination System (GDDS). Compliance with the IMF Special Data Dissemination Standard (SDDS) has not yet been achieved, and the central bank is continuing its work on remaining issues with the technical assistance from the IMF. Sri Lanka has complied with phase 1 of the SDDS and phase 2 remains to be complied. Detailed and timely fiscal data is required from the Ministry of Finance.

Under the four-year modernisation programme for the CBSL, begun in 2001, a new Payment and Settlement Act was passed in September 2005, formalising scripless transactions and payments. There have also been improvements this year in open market operations, and a cheque imaging and truncation system will be completed by the end of 2005, increasing efficiency, reducing risks and delays and decreasing the chances of fraud.

Sri Lanka's overall score is unchanged from last year.

1. CLARITY OF ROLES, RESPONSIBILITIES, AND OBJECTIVES OF CENTRAL BANKS

●●●● Compliance in progress

The objectives and institutional framework of monetary policy

The functions and legal framework governing the operations of the Central Bank of Sri Lanka (CBSL) are set out in the Monetary Law Act (MLA, as amended in December 1998) and the Monetary Law (Amendment) Act No. 32 of 2002.¹ The Monetary Law (Amendment) Act provides for a central bank with broader supervisory powers and greater independence, while improving the flexibility of the CBSL's monetary policy and exchange rate policy. These changes were intended as a temporary measure to update the MLA until an entirely new monetary law could be drafted and approved. Indeed, the previous government had scheduled a range of reforms to cover about 36 pieces of legislation, including a number to the MLA.² However, this plan appears to have been scrapped by the current administration that came to office in April 2004, which intends to make further amendments to the existing MLA -- a new revision is now completed and ready to be considered by parliament during 2006.

Amendments to the Finance Leasing Act, Banking Act, Registered Stocks and Securities Ordinance, Bills and Exchange Ordinance, Treasury Bills Ordinance, Convention of the Suppression of Terrorist Finance Act and the Payments and Settlement Systems Act have been passed by the parliament. A number of other pieces of legislation such as the Money Laundering Act and the Securitisation Law on Lease Receivables, are ready to be presented to parliament.³

Central bank objectives and responsibilities

Under the terms of the original MLA, the CBSL is charged with the stabilisation of domestic monetary values (the rupee); the preservation of the stability of the exchange rate; the promotion and maintenance of a high level of production, employment, and real income; and the encouragement and promotion of the full development of the productive resources of Sri Lanka.⁴ As such, the central bank's multiple objectives at times were in conflict with each other. These objectives have been redefined as a result of the round of amendments to the MLA in 2002, in which the CBSL narrowed its role to two primary objectives: maintaining economic and price stability, and financial system stability, with a view to encouraging and promoting the development of the productive resources of Sri Lanka.⁵ However, some commentators have stated that concerns about conflicting objectives, the precise aim of monetary policy, and the transparency of the CBSL's policy stance may not be adequately addressed until a new MLA is enacted, or substantive amendments are made.⁶

The CBSL continues to implement a comprehensive reform process aimed at enhancing its ability to conduct a more coherent and effective monetary policy. For example, drawing on financial assistance from the World Bank and the Swedish International Development Agency, the central bank has been conducting a modernisation programme to streamline its operations and develop human resources.⁷

Operational autonomy

The CBSL has a high degree of statutory independence in achieving its objectives. In practice, the CBSL works closely with the government, particularly with the Ministry of Finance. The central bank is formally a policy adviser to the government and therefore there is daily interaction with government institutions. This cooperation has improved a number of administrative and operational affairs of the central bank, including the quality of CBSL data

dissemination and forecasts. However, with regard to monetary policy-making, this close coordination has raised concerns. Commentators highlighted the fact that the secretary to the Treasury is a member of the monetary board, and it thus appears that the secretary is in effect running the central bank. In this context, some critics consider that the CBSL is not an independent institution.⁸ Indeed, under section 116 (2) of the MLA, the minister of finance may direct the board to adopt government policy although, in practice, this clause has been invoked only once (in 1959).

In order to strengthen its operational independence, the monetary board was expanded in December 2002 to include two appointed members (out of a total of five) from the private sector. Currently, the CBSL board effectively has three private sector members since the new CBSL governor, Sunil Mendis (appointed in July 2004 for a term of six years), was drawn from the private sector for the first time in the central bank's history. Commentators said the appointment of Governor Mendis has enhanced the board's expertise and autonomy, and the new board composition appears to be working well.⁹

Institutional relationship between monetary and fiscal operations

Lending to government

The CBSL purchases Treasury bills in the primary market as a part of its monetary policy operations in order to provide and manage market liquidity. Some commentators have suggested that the CBSL also lends to the government, by purchasing treasury bills in the weekly auctions.¹⁰ The limits to government borrowing are set annually by parliament. The government initially announces its borrowing requirements, and the Public Debt Department subsequently prepares and releases a borrowing calendar. Each stage of this procedure is made publicly available.¹¹

In addition, Section 89 of the MLA allows the central bank to make direct provisional advances to the government in order to finance expenditures, which are authorised to be financed out of the Consolidated Fund. These loans can be granted provided that every such advance shall be repayable within a period not exceeding six months, and the total amount of such advances outstanding at any time shall not exceed 10% of the estimated government revenues for the pertinent financial year.

Central bank involvement in the rest of the economy

The CBSL has now been divested of many quasi-fiscal activities it previously performed on behalf of the government. Examples include the development of financial activities in rural areas, and operating credit programmes and credit guarantee schemes. Nevertheless, some remaining quasi-fiscal activities include the purchase of Treasury bills and bonds.

Section 105A of the MLA establishes that the CBSL may purchase and hold shares in any company that the monetary board deems as formed for the advancement and promotion of the country's human resources and technological development in the banking and financial sector, or to provide for all or any of the facilities referred to in Sections 98 (1) or 112A of the MLA (as amended by the Monetary Law [Amendment] Act).

Central bank profit allocation

Any operating profits of the CBSL not set aside to reserves, as established in Section 39 (a-b), are allocated to the Consolidated Fund of the Government, in accordance with Section 39(c) of the MLA. These disbursements are disclosed in the balance sheet included in the CBSL's *Annual Report*.

Agency roles performed by the central bank on behalf of the government

The CBSL continues to exercise its advisory duties to the government, acts as the government's banker, and holds responsibility for the management of government debt. Until recently, the most prominent of the central bank's non-core activities were the management of public debt, implementing exchange-control regulations, and managing the Employees' Provident Fund (EPF) -- Sri Lanka's largest pension fund. The planned reorganisation of the CBSL in order to remove some of these non-core functions -- many of which were inherited -- is moving forward gradually.¹² For example, management of the EPF has now been removed from the CBSL. A revamped management for the EPF has been encouraged through mergers, private fund management, some foreign portfolio investments, and management reforms in order to reduce evasion of mandatory contributions.¹³ There is currently a proposal to amalgamate the EPF and the Employees Trust Fund, but selecting a responsible entity for managing the fund has to be done by government.¹⁴ Plans by the last government to set up an independent Public Debt Management Office, reporting directly to the minister of finance, have now been postponed. The CBSL will retain its public debt management role for the time being. Although the government does not appear prepared to legally limit the budget deficits, the current plan is to restructure the existing public debt department and keep it within the CBSL. However, it is not clear when the restructured office is scheduled to start operations.¹⁵

2. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY POLICY DECISIONS



The framework, instruments, and targets of monetary policy

Framework and monetary targets

A lack of legislative clarity about monetary policy objectives, and the lack of a means of resolving conflicts between them, had frequently been reflected in Sri Lanka's monetary policy framework. However, the monetary policy framework currently pursued by the CBSL is monetary targeting, assuming an implicit inflation target. The CBSL is planning to move to inflation targeting in the medium term. From 2005 onwards, the inflation target should have been set by the CBSL, but this change was put on hold. Holding back progress is the large fiscal deficit and the lack of a reliable price index on which to base inflation forecasting. However, the CBSL has a working group testing a move to explicit inflation targeting, and expects this to be implemented by 2007.¹⁶

The monetary policy framework, broad objectives and projections for the current financial year are posted on the CBSL's website as part of the *Recent Economic Developments -- Highlights and Prospects* publication.¹⁷ Commentators judged that changes in the monetary policy stance are now communicated to the market in a more timely fashion.¹⁸

Monetary instruments

Open market operations with an interest rate corridor formed by the repo and reverse repo rates (introduced in March 2003) have now become the main instrument of monetary policy, and it is the main tool to signal a change in the monetary stance (with evaluation on a regular pre-disclosed basis and decisions announced to the public). Foreign exchange operations, refinance facilities, quantitative restrictions on credit, and ceilings on interest rates are not now used by the CBSL.¹⁹ The intermediate objective is the influencing of monetary base growth. Detailed retrospective coverage of its activities in this regard is included in the *Annual Report*. The reserve money target and progress in meeting the target are made public on the CBSL website. Commentators noted that, as the CBSL primarily carries out open market operations, the market (rather than the central bank) determines interest rates. This has eliminated excess volatility in short-term money market rates and has helped in achieving the base money targets.²⁰

The Sri Lankan government has maintained its commitment to keep a free-floating exchange rate. The previous precautionary measures introduced at the time of transition to a free-floating framework have been phased out, and the CBSL has quickly gained experience under the floating exchange rate regime.

The monetary policy-making body

Monetary board

The Monetary Board of the CBSL is charged under the MLA with determining the policies and measures to be adopted by the central bank, and is generally responsible for its management operations and administration. The board previously included only the governor, the secretary of the Treasury, and a member appointed by the president. Amendments to the MLA expanded the monetary board from three to five members by including members drawn

from the private sector.²¹ Although members are from the private sector at present, there is no legal provision for this. This new arrangement, which commentators judged to be working well, is intended to reduce the government's direct influence on monetary policy. However, this influence is perceived to remain strong.²²

In December, the central bank presents its monetary programme for the following year, which includes benchmarks, projections and estimates. All of this is made public on the CBSL website.²³ A monthly policy meeting of an advisory body, the Monetary Policy Committee (chaired by the CBSL deputy governor), also takes place to review current developments and risks that are to be presented to the monetary board. This committee submits a report on the outcome of its meetings to the monetary board, but it is not made public. A summary of monetary policy reports and board decisions is presented to the press on a monthly basis.²⁴

Advance meeting schedule

The monetary board usually meets fortnightly. A schedule of CBSL monetary board policy announcements is posted on the CBSL website; announcements are made monthly.²⁵ A summary of the decisions taken at the meeting is sent to all electronic and print media in the country and abroad.²⁶

Public statements on monetary policy

Publicly available statements on monetary policy can be found in a variety of publications. Decisions of the monetary board are released on the same day through a press release, an electronic posting on the website and through a press conference. The CBSL has enhanced public statements on monetary policy by announcing clear monetary policy targets.²⁷

The central bank releases a *Monetary Policy Review* every month, which provides an assessment of general economic developments and their bearing on the monetary policy stance of the CBSL. The date for the next release is also included in the current *Review*.

Periodic publications

The CBSL produces monthly bulletins of data and also releases some weekly data to the press. Uploading of monthly bulletins on the website is consistent, but sometimes has lacked timeliness. Monthly bulletins suffer time lags of up to three months, although central bank officials have noted that this has been a consequence of the necessity to publish the report in all three official languages (Sinhalese, Tamil and English).²⁸ The *Annual Report* of the CBSL provides detailed coverage of macroeconomic developments and of the operational activities of the central bank.²⁹ Since 2003, the CBSL has also published an interim report on recent economic developments of the past calendar year as it ends, with prospects for the year to come. This report is also available on the CBSL website.

The CBSL also publishes a *Financial Stability Review*, assessing the banking and financial sector, as well as several monthly and ad hoc reports. Research studies and articles are also published in its *Journal of Staff Studies*.³⁰

Regulations on data reporting by financial institutions to the central bank

The Department of Banking Supervision (BSD) within the CBSL is charged with the supervision and periodic examination of all banking institutions in Sri Lanka. Under the current MLA, these institutions are required to furnish the director of the BSD with full details of their assets and liabilities. The CBSL is also entitled to (and does) carry out on-site inspections.

There has been concern in the past about some weaknesses in the regulatory environment and the capacity of the BSD to effectively supervise the banking system. The 2002 amendments to the MLA have enhanced the powers of the director of the BSD to examine the books of any financial institution. The amendments extend the applicability of the provisions contained in the MLA regarding insolvent banks to cover licensed specialised banks. While these amendments to the MLA have somewhat strengthened the supervisory role of the CBSL, further amendments to the Banking Act passed in 2005, have now further tightened the regulatory regime and strengthened the supervisory role of the central bank.³¹

3. PUBLIC AVAILABILITY OF INFORMATION ON MONETARY POLICY

●●●● Compliance in progress

Release of central bank data

The CBSL produces and disseminates statistics under the provisions of Section 35 of the MLA, which requires the central bank to submit data to the minister of finance and to publish a range of economic statistics in an annual report. At a minimum, the *Annual Report* must present monthly data on money supply, international reserves, wage and other indices, trade figures by volume and value, and movements in central bank accounts, as well as annual figures on balance of payments, and government receipts and expenditures. Overall, the central bank's statistical coverage and data dissemination is perceived to be sound and reliable.³²

Sri Lanka participates in the IMF General Data Dissemination System (GDDS) and expects to subscribe in the near term to the IMF Special Data Dissemination Standard (SDDS) once it has completed the remaining data to IMF standards.³³ CBSL officials have stated that compliance with SDDS is near and are actively working on the outstanding issues with the technical assistance of the IMF. However, they will also require timely fiscal data from the Ministry of Finance in order to comply, something which is not yet fully in place.³⁴

The CBSL has frequently acknowledged the importance of transparency issues.³⁵ Notwithstanding this commitment, an IMF ROSC recommended the establishment of an advisory body charged with reviewing the quality of monetary statistics. The CBSL has accepted this recommendation, although so far no such body has been set up.³⁶

An ongoing modernisation project is underway at the CBSL which began in 2001 and is partly funded by the World Bank and Swedish International Development Cooperation Agency (SIDA). Commentators perceived this to be progressing well. It has four aims: to improve the legal and organisational system, develop human resources, introduce new technology, and improve governance, procedures and management within the central bank. In August 2003, an automated accounting system was introduced, with the appropriate checks and balances, which will help with the timeliness of data dissemination. The central bank also introduced an integrated automated payments and settlement system in mid-2004, which facilitates large volume transactions and scripless trading of government securities.³⁷ In September 2005, a Payment and Settlement Act was passed, formalising scripless transactions and payments. This year there have also been improvements in open market operations, and a cheque imaging and truncation system will be completed by the end of the year that will increase efficiency, reduce risks and delays and decrease the chances of fraud.³⁸

The central bank balance sheet

The MLA directs the CBSL to publish a monthly general balance sheet, giving information on the volume and composition of assets and liabilities. The central bank also produces a yearly balance sheet as part of the *Annual Report*. This provides information on international and domestic liabilities and assets, including details of the central bank lending to government. Annual accounts are publicly available on the website.³⁹

Lender of last resort

Section 86 of the MLA establishes that in periods of emergency or of imminent financial panic that may directly threaten monetary and banking stability, the CBSL may grant to banking institutions, and may renew, extraordinary loans or advances secured by any assets which are defined as acceptable for the purpose by unanimous decision of the CBSL monetary board. A banking institution to which an extraordinary loan or advance is granted shall not, while the loan or advance is outstanding, expand the total volume of its loans and investments except with the prior approval of the central bank's monetary board. Lender of last resort operations may be publicly disclosed in press notes if the CBSL monetary board considers that the information will not lead to episodes of financial instability.

Public information services

The central bank is responsive to individual requests for information, but some commentators have suggested that it could do more to strengthen its overall reporting of monetary policy and macroeconomic developments. Many of the CBSL's publications are available on its website, but others -- including sometimes the monthly bulletins -- are not regularly uploaded. Monthly bulletins tend to be published with a three-month time lag. However, the structure of monthly bulletins was changed in January 2004, with bulletins becoming shorter and only publishing only the most recent data.⁴⁰ Timeliness has improved somewhat this year, but there is still a lag of one month on the website.

Summaries of monetary policy reports and the ensuing board decisions are released to the press on a regular, monthly basis. Extra press briefings are intermittently scheduled, at a rate of two or three each calendar year.⁴¹ Detailed information on open market operations of the CBSL are published daily together with the average interest rate in the inter-bank money market. All data are released simultaneously to the public through press releases or in publications. Greater use is being made of simultaneous release through hardcopy publication and posting on the website.⁴² The research department is also active in the discussion and dissemination of policies and developments.

There has been some concern in the private sector about the delay in CBSL release of macroeconomic indicators, as well as an occasional slowness in responding to market unease. In November 2004, for example, the CBSL took six weeks before responding to published rumours about excessive money printing.⁴³ There are also concerns from some commentators that the CBSL reports are rather "opaque".⁴⁴ However, there are regular press releases on developments in international trade, quarterly GDP data and quarterly Balance of Payments data are also published on the CBSL website on a regular basis. Overall, the central bank has broadly moved towards good data dissemination standards, which the CBSL appears committed to maintaining and improving in the near term.⁴⁵

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY BY THE CENTRAL BANK



Enacted

Accountability before a designated public authority

The MLA, in its current form, does not contain any binding statutory provisions with regard to the reporting by CBSL officials before any designated public authority. The previous government drafted a new Public Finances Act to address this shortcoming, but it has since been abandoned with the change of government.⁴⁶

Financial statement

Audited financial statement

The current MLA stipulates that the office of the Auditor General should audit the accounts of the central bank and an annual report of these accounts should be submitted to the minister of finance, who sets them before parliament.⁴⁷ An audited balance sheet is incorporated into the CBSL's *Annual Report*. The audited financial statement is now produced according to international standards and is available on the website.

External and internal audit

In 2001, an audit committee of the monetary board was set up to improve management and financial procedures within the CBSL, as well to oversee financial statements. The audit department has also recently adopted an internal audit charter. Following a two envelope bidding process involving five international audit firms, an external auditor, Ernst & Young New Zealand, was contracted in March 2002. The same firm has been retained to audit the subsequent annual figures, under a five-year agreement (renewed annually). The audited accounts are released one month prior to the release of the CBSL's *Annual Report*. The Auditor General of Sri Lanka also audits the annual accounts of the central bank.

Conduct of officials

The MLA contains articles detailing restrictions on CBSL staff, including confidentiality provisions, requirements for cooperation with the Auditor General, and exemptions from liability -- unless the damage or loss was caused by misconduct or wilful default.⁴⁸ CBSL employees follow a code of conduct stipulated in the *CBSL Manual*, last published in full in 1992, and must declare their assets annually. Ethical issues are also covered in the training process for new staff. In its efforts to comply with IMF codes, the CBSL has established a Good Governance Committee, headed by the governor.

Confidentiality of reporting is ensured by Section 45 of the MLA, which states that every officer of the central bank shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any banking institution or of any client of such institution.⁴⁹

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to Sri Lanka between 24 and 27 October 2005.

Central Bank of Sri Lanka

25 October 2005

H. N. Thenuwara	Director	Economic Research Department
B. D. W. A. De Silva	Deputy Director	Economic Research Department

Ministry of Finance

Despite considerable effort to meet with someone from the Ministry of Finance in Sri Lanka, Oxford Analytica was not granted an interview.

ADDITIONAL INTERVIEWS

26 October 2005

Luis Valdivieso	Senior Resident Representative	International Monetary Fund
Princess Ventura	Economist	World Bank, Colombo
Sriyani Hulugalle	Senior Industrial Economist	World Bank, Colombo

24 October 2005

J.C. Weliamuna	Executive Director	Transparency International Sri Lanka Chapter
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NOTES

- ¹ See Central Bank of Sri Lanka website at: www.centralbanklanka.org
- ² Interviews in Sri Lanka, 11-14 November 2002.
- ³ Interviews in Sri Lanka, 15-18 November 2004, 24-27 October 2005.
- ⁴ Monetary Law Act, Chapter II, Article 5.
- ⁵ Monetary Law (Amendment) Act, 2002. The stabilisation of the rupee and the preservation of the stability of the exchange rate are thus no longer part of the role of the CBSL.
- ⁶ Interviews in Sri Lanka, 15-18 November 2004.
- ⁷ CBSL, *Annual Report 2001*, April 2002, Box II-1, p. I. and CBSL, *Annual Report 2004* Part II, Box II.1 at: <http://www.lanka.net/centralbank/AnnualReport2004.html>
- ⁸ Interviews in Sri Lanka, 15-18 November 2004.
- ⁹ Interviews in Sri Lanka, 15-18 November 2004. See Monetary Law Act (Chapter 422), as amended by Monetary Law (Amendment) Act, No. 32 of 2002, Section 8(2)c and Sections 16(a) to (d).
- ¹⁰ Interviews in Sri Lanka, 24-27 October 2005.
- ¹¹ Interviews in Sri Lanka, 15-18 November 2004.
- ¹² See *Communication Policy of Central Banks: The Case of Sri Lanka*. Dr H.N.Thenuwara. August 2005, page 1, point 5.
- ¹³ Interviews in Sri Lanka, 13-18 November 2003. Members of the EPF can now choose the fund in which they wish to invest. This should encourage fund managers to behave more responsibly. However, with a mandatory contribution, it is felt that the fund still limits people's choices.
- ¹⁴ Interviews in Sri Lanka, 24-27 October 2005.
- ¹⁵ Interviews in Sri Lanka, 15-18 November 2004.
- ¹⁶ Interviews in Sri Lanka, 15-18 November 2004.
- ¹⁷ See *Recent Economic Developments Highlights of 2005 and Prospects for 2006* at: <http://www.lanka.net/centralbank/REDEn2005/StartE.pdf>
- ¹⁸ Interviews in Sri Lanka, 15-18 November 2004.
- ¹⁹ Interviews in Sri Lanka, 24-27 October 2005.
- ²⁰ Interviews in Sri Lanka, 13-18 November 2003.
- ²¹ IMF, 'Sri Lanka: 2002 Article IV Consultation and Final Review Under the Stand-by Arrangement- Staff Report', IMF Country Report No. 02/199, September 2002, p. 16.
- ²² Interviews in Sri Lanka, 15-18 November 2004.
- ²³ See Monetary Programme at: www.centralbanklanka.org/Monetary%20_Policy.html
- ²⁴ Interviews in Sri Lanka, 15-18 November 2004.
- ²⁵ See http://www.lanka.net/centralbank/Policy_Calender.doc
- ²⁶ Interviews in Sri Lanka, 15-18 November 2004.
- ²⁷ Interviews in Sri Lanka, 11-14 November 2002.
- ²⁸ Interviews in Sri Lanka, 15-18 November 2004.
- ²⁹ See *Annual Report 2004* at: <http://www.lanka.net/centralbank/AnnualReport2004.html>
- ³⁰ These are all available on the CBSL's publications page at: <http://www.lanka.net/centralbank/publications.html#Bulletin>
- ³¹ Interviews in Sri Lanka, 24-27 October 2005.
- ³² Interviews in Sri Lanka, 15-18 November 2004.
- ³³ See Plans for Improvement -- Central Bank of Sri Lanka at: <http://dsbb.imf.org/Applications/web/gdds/gddscountrycategorysummreport/?strcode=LKA&strcat=Sum1#28>
- ³⁴ Interviews in Sri Lanka, 24-27 October 2005.
- ³⁵ See *Annual Report 2001*, CBSL, April 2002, Box 5, p.53. "In the context of regulation, the provision of information and the observance of internationally accepted standards and codes are assuming ever greater importance."
- ³⁶ Interviews in Sri Lanka, 15-18 November 2004.
- ³⁷ Interviews in Sri Lanka, 15-18 November 2004. See also *Recent Economic Developments Highlights of 2004 and Prospects for 2005*.
- ³⁸ Interview in Sri Lanka, 24-27 October 2005. Also see CBSL Annual Report 2004, Part II, Box II.1 at: <http://www.lanka.net/centralbank/AnnualReport2004.html>
- ³⁹ See Annual Financial Statements for the year ended 31 December 2003 at:

www.centralbanklanka.org/Ar2003/annual_accounts_100504.pdf

⁴⁰ Interviews in Sri Lanka, 15-18 November 2004 and 24-27 October 2005.

⁴¹ Interviews in Sri Lanka, 15-18 November 2004.

⁴² Report provided by CBSL for IMF GDDS, updated April 2002.

⁴³ Interviews in Sri Lanka, 15-18 November 2004.

⁴⁴ Interviews in Sri Lanka, 15-18 November 2004.

⁴⁵ Interviews in Sri Lanka, 24-27 October 2005.

⁴⁶ Interviews in Sri Lanka, 24-27 October 2005.

⁴⁷ Monetary Law Act, Part VII, Article 42.

⁴⁸ Monetary Law Act, Part VIII, Articles 45-47.

⁴⁹ Report provided by CBSL for IMF GDDS, updated April 2002.